

The HOUSING SITUATION *in* ENGLAND *and the* UNITED STATES

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President F. W. Dodge Company



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FOREWORD

A nation which subsidizes its tenants increases its tenantry and decreases its housing.

The housing policy of England since 1851 has been to subsidize the tenant. On December 16, 1919, English legislation was formulated to subsidize the builder. Both policies were prompted by philanthropic motives. Both kill private enterprise. Both fail in making private ownership of homes possible.

The so-called "unearned increment" is the incentive to investment of savings in homes and real estate. It is chiefly through the hope of enjoying the unearned increment of property that the latent energy of the citizenry may be called forth.

Since 1841 the United States has, in its land laws, recognized this great incentive. It has stimulated the building of rural homes through the wide distribution of land under the Homestead Acts. Its policy has been to enable the prospective home owner to acquire property, mainly through labor.

In order that the traditional American policy with respect to home ownership may be maintained, it is now proposed to solve the urban housing problem by placing adequate long-term banking facilities at the disposal of the would-be home owner.

The present system of banking, adopted in 1914, discourages the broader distribution of property.

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INTRODUCTION

THE political stability and industrial progress of a democracy vary with the degree of comfort, healthfulness and security under which its people live; a country of majority rule must be a country of majority home ownership. The lack of ample shelter in the chief Anglo-Saxon nations is causing political unrest and industrial apathy, and the slum is again raising its head in the great cities. Tenantry is increasing and the urban population is cramped for housing. The transportation facilities and manufacturing plants of the great nations are in a state of arrested development.

While believing its own labor troubles to be causes rather than symptoms, the United States is concerning itself with the industrial affairs of other nations as it has never before been expected to do; it is seeking to arrange long term credits for real estate and other physical developments in Europe; it is seeking to share in the rebuilding of France and Belgium; it is putting its finger into the perennial Irish question; and it has even been considering mandates for the governments of Turkey and Armenia.

The power of the United States to relieve conditions in Europe is dependent upon its own social stability and increasing productiveness. Its own national housing shortage is diminishing its production and its birth rate, and is increasing its social unrest and mortality.

The causes of a housing shortage may be traced to the lack of governmental encouragement of urban home ownership, while the state of arrested development of the national industrial plant may be traced to the war, to dormant labor, and to the desire of the people to spend rather than to invest.

The creative work necessary for the increasing of national productiveness must be born in hope and spring from the desire to possess wealth. The path for the acquisition of property by the worker must be widened, straightened and shortened, if hope is to be rekindled and productive effort awakened. Work which is impelled by suffering

or necessity and work which is directed toward the acquisition of luxuries is of little value to the nation.

By contrasting present housing conditions in England with those in the United States, by contrasting the causes which have led up to these conditions, and by comparing the measures of relief which have been undertaken in each country, the American reader may more readily grasp the relative importance of the different phases of the problem than he could by studying the conditions, causes, measures of relief and consequences in the United States alone.

It may be well to note the influence of tenantry, the increasing cost and shortage of building materials, the inefficiency of labor, the unavailability of capital, the curtailment of construction made necessary by the war, the interference with private initiative through governmental regulations and subsidies and through failure to encourage private initiative and private ownership by community activities. The statements and figures given, while incomplete, may be accepted as indications of tendencies.

CONDITIONS IN ENGLAND AND WALES

In England and Wales during the past three years \$500,000 annually has been spent in salaries of housing bureaus, painstakingly planning without a single house being ready for occupancy a full year after the signing of the armistice.

According to an official report made in late October, 1919, by Dr. Addison, Chief of the British Ministry of Health, in immediate charge of housing, it appears that the shortage of houses in England and Wales amounted to 500,000; that the number of schemes under consideration was 40,000; that the number of houses under construction was 8,000; and that the number of houses completed and occupied at that time was "none."

In 1906 there were 99,905 new dwellings erected in England and Wales; in 1914 the construction was 45,632 houses in the same area. During the war there was little or no construction of houses, except about munition plants and this is said to supply but 3 per cent of the normal requirements.

Lord Buckmaster is reported to have stated in the House of Lords on October 24, 1919, that approximately 889,000,000 pounds, or upwards of four billion dollars, will be necessary to give England and Wales adequate housing.

According to the 45th Annual Report of the Public Works Loan Board it appears that from 1851 up to March, 1916, \$38,292,808 had

No Result
from Three
Years
Effort

been spent on housing schemes in England and Wales which had provided homes for 520,748 persons.

The housing problem which disturbs Londoners today disturbed their grandfathers. The census of 1911 revealed that three-fourths of a million people of London were living in overcrowded conditions and, as the erection of new buildings has been less than half normal since 1911, the probabilities are that now more than a million inhabitants of London are living amid conditions of overcrowdedness.

It is said that there are scores of slum areas in the city and environs which must ultimately be redeemed and that approximately 60,000 new homes are actually needed in London. In some instances in the east end of London, several families are forced to occupy a single family house. Jerome K. Jerome writes that families are crowded into existing dwellings "like herrings in a barrel."

The normal workingman's home in England is a structure of solid masonry plastered without insulation against cold and damp. Outside the cities cellars are unknown. In rural districts and in some of the older structures in the cities, a pump or tap in the yard accommodates several families. Sanitary arrangements are in keeping with the general conditions. Bathrooms are almost unknown to the worker, except in war-time construction.

CAUSES

The causes leading up to the excessive housing shortage in England flow as consequences from the fact that England is a country of tenants; the willingness to live as tenants is ingrained. Little attempt is being made to promote the home-owning instinct. The prevailing idea of a home is a dwelling in a hired or leased house. It appears that no provisions have as yet been made to promote the purchase by occupiers of the houses built under government auspices, as Lord Astor, in a speech at Plymouth on November 28th, 1919, asserted that the government would soon introduce a bill which would provide conditions under which municipalities and public utilities associations would be free to sell to occupiers the houses built under government auspices.

England a
Nation of
Tenants

Land in England and Wales has been entailed from generation to generation. Many buildings are sold on the 99-year lease plan that the unearned increment may revert to the original land owner. There is still much complication in the transfer proceedings, loss of deed sometimes meaning the loss of land.

Until the reign of Henry VIII all land, with or without taxa-

tion, was held under crown grants subject to revocation. Certain reformers, even at this late date, claim that as the land was originally granted by the Crown to be held under prescribed terms of service and that as these services are not being rendered, as per the original contract, the land should revert to the Crown.

Faulty Tax System

Unimproved land pays little taxes; if improved, the taxes are increased in proportion to the rental paid. If no rentals are yielded, the taxes become nominal. The tenant, not the owner, pays the tax.

Former Tenement House Commissioner of New York City, John J. Murphy, when visiting London, while in a conference with English housing authorities, was asked by them if it would not be possible for London to better its housing conditions by applying some of the methods successfully adopted in New York, and his reply was that it would not be possible because of the taxation system in force in London which exempts unimproved or unused land.

Land System Against Small Holdings

Under these systems there are no facilities offered for the division of land into smaller portions to be sold to occupiers. The people, therefore, have not thought of ownership as among the possibilities and have accepted tenantry as the normal condition. The British tenant will accept poor rented accommodations as readily as the American would a poor home, but there is every obstacle in the way of the British tenant improving his tenement, while every incentive urges the American home owner to improve his habitation.

There being no incentive for the possession of a home, many British workers, in certain big cities, get their comfort from loafing, being content to house their families in poor quarters and squeeze in a lodger or two as well. The herding instinct among the workers, with its incident sociability, congests the slums and prevents the occupancy of houses in healthful but comparatively inaccessible areas. Steady, energetic toil by such workers would yield income sufficient to greatly improve the condition of the worker and his family if there were but incentive for the effort.

Shortage of Building Materials

Shortage of building materials incident to the war has not been made up in any degree. Sir Charles Ruthven, a prominent British architect, in an address before the Society of Architects of London, stated that it would require from 15 to 20 years to supply the existing needs for bricks even though the present capacity of the brick yards was increased 250 per cent. A considerable quantity of wood is available if labor were forthcoming to mill it.

The cost of building shared the general advance of all commodities through inflation and because of non-production. Mr. Neil

McLeod, Lord Dean of Guilds, reporting to the Guilds of Edinburgh in November, 1919, said that the prices of building materials throughout England and Wales stood at about 170 per cent above pre-war costs, so that a worker's dwelling, usually costing \$1500, would now cost \$4050, a sum upon which an economic rent of 5 per cent could not be had.

A contributor to the London *Times* of January, 1920, estimates that the increased freight rates have added \$200 to the cost of each worker's house, assuming that each dwelling required 130 tons of transportable material.

Much time has been taken by the English bureaus and the public in a discussion of substitutes for unavailable building materials, and the building program in England has been delayed from this cause just as the shipbuilding program in the United States was delayed in the controversy over ship construction of wood or steel. Many arguments have been made to show that reinforced concrete is absolutely unfit material for human habitation, and that wooden buildings will not endure in the English climate. Finally both concrete and wood have received official sanction.

Substitutes
for Brick
and Stone

While the discussion about the use of substitutes for brick or stone was under way, what is known as *pisé de terre* was a popular favorite. In such construction the proper earth was to be placed between forms, as in concrete construction, and "rammed until it rang."

Raw material for brick or stone is not lacking, but there is not sufficient labor available to prepare and handle it, not because the labor does not exist, but because it does not function.

At a conference of the "Authorities of the West Midlands" held at Birmingham on December 17, 1919, and at a similar conference held at Nottingham on December 18, it was declared as useless to expect any progress in meeting the housing shortage until builders could depend on the steady supply of materials. The delay in the delivery of construction materials was characterized as a great national scandal and as a cause for slackness of the workers.

Transport
Shortage

The influence of labor conditions upon the building shortage in England has been a serious handicap. The right to a holiday after the war was claimed. The unemployment pension did not tend toward putting the best foot forward, and, as a result, production has been inevitably restricted.

The Prime Minister, being urged to call a conference of the trade unions and endeavor to induce them to relax their rules which pre-

vented maximum output, so that the masons might be free to lay as many bricks as they could, and to ask that at least two hundred thousand more men be added to the corps of workers, on December 16, 1919, Mr. Lloyd George, Dr. Addison and Sir Robert Horne, Minister of Labor, met a special conference of the Building Trades' Industrial Council in relation to the serious shortage of labor. The Prime Minister stated: "You cannot have ever so much more bricklaying unless you are ready to have ever so many more people laying bricks," etc. It was finally left for the Reconstruction Committee to draw up a "reasoned answer" to the recommendations of the government demands for "dilution." In the meantime partially completed construction is suspended.

Mr. E. Willis, Borough Engineer of Chiswick, writes: "Workers formerly laid 1,600 bricks a day and were proud of doing it; now two to three hundred is the maximum and sometimes even less. This is simply robbery."

According to the *Architects' Journal* of December 3, 1919, only two and one-half per cent of the skilled workers in the building trades were idle, and yet the unions have refused to admit more artisans.

Although the wage rates in English building trades were increased 110 per cent from July, 1914, to May, 1919, according to the *Labour Gazette* of May 19, 1919, English bricklayers were receiving 37 cents per hour, carpenters 37 cents per hour, plasterers 37 cents per hour and laborers 30 cents per hour. According to the terms made between employers and the unions in December, 1919, carpenters in New York were receiving \$1.06 per hour, plasterers \$1.06 per hour and plasterers' laborers 75 cents per hour. Bricklayers' wages were \$1.06 per hour, with the trade on strike demanding \$1.25.

Labor difficulties, however, are not alone over questions of wages, but also over questions of methods, as is shown by the action of labor at a recent meeting of the Board of Conciliation where employers met Organized Labor to arrange working terms. The employers offered a basic increase of 14 per cent and supplemented it with a piece work payment plan that would make the wage rate increase not less than 25 per cent, and to the skilled worker, as much as 50 per cent. Labor leaders voted down the proposal without debate.

Capital is always alive to the opportunities for investment and would be particularly active in supplying the demand for housing in England, but for the fact that the English government entered the field of the speculative builder. The participation of the government

in the enterprise has undoubtedly had an effect upon labor, as it has indirectly placed labor on the government's payroll and is thus passing on the state of economic inefficiency from the tenant to the building artisan as well.

A report of "A Select Committee on Housing" of the Working Classes Act Amendment stated without reserve as far back as 1910 that the testimony which it had received showed that the prime cause of the lack of housing was that nobody was financially interested in supplying the people with housing. Great as is the need and large as may be the profit in supplying it, private capital offers practically no help in the crisis, except in a few isolated cases where moneyed men have advanced capital to start construction for philanthropic reasons, but, because of the subsidies offered to the tenant, and because of the prospect of changed forms of taxation, investment capital seems to have left the building trades. Would-be investors have pleaded with the government not to destroy the remnants of the business and have urged that, if subsidies must be used, they should be used to help the natural sources instead of in setting up competition which the natural producer cannot meet.

Housing
Business Does
Not Attract
Private
Capital

In the London *Times* of late date a correspondent bitterly assails the government's building policy and points out that although it has destroyed private initiative and the investment of private capital, it has not relieved the dwelling shortage in the slightest degree. This correspondent cites figures to show that the shortage existing in 1910 has not yet been made good.

Lord Leverhulme, in an address before the Liverpool Architects' Society, said: "The requirements of the public would be better served by the private builder who had met the needs of the people in times past at a small margin of profit and without dumping houses on the government taxes or on the rates."

According to the *Westminster Gazette* and A. G. Westcott, F.L.A.A., in the London *Builder* of November 11, 1919, it appears that some 90 per cent of the capital invested in workers' cottages in England came from small speculative builders, so often stigmatized as the "jerry-builder," as figures show that his operations were more than 25 per cent cheaper than the best that the municipality could do and that if this class was encouraged to build on a cost-plus plan and protected against loss through governmental action, nearly the whole of the capital needed to make good the building program of the government would be immediately available from small, private sources.

It is confidently believed that if the builder was freed from the

exactions of the increment tax law, the rent restriction act and other governmental regulations, he would build even if the net cost was 650 pounds compared with the former cost of 250 pounds and would receive an economic rent on his investment.

Legislation
Kills Private
Initiative

The government has sought to regain part of the unearned increment by the imposition of a tax of 20 per cent on the increase in value when property is sold. Apparently it is not alone the amount of this tax which has discouraged private initiative, but the way in which the law is administered. An instance of this is given in the *Builder* of London of December 3, 1919, which in substance, is as follows: In 1909 some houses were built at a cost of 345 pounds each for building materials and labor. Upon completion of the houses the government inspector, whose duty it was to place a value on the buildings for the increment value tax, ignored the bills showing the costs, and arbitrarily fixed the value at 240 pounds each. Thus, if the builder later sold his houses at the bare cost of construction, he would, on account of the inspector's low appraisal, be obliged to pay a tax of 20 per cent on 105 pounds, which represents the difference between the cost and the inspector's appraisal. This tax serves to keep real estate operators out of the housing business.

The act forbidding rent raises is unquestionably an influence against real estate operations. It is described as follows: A has a lease on a house expiring at a certain date; B purchases the property for his own occupancy. Upon the expiration of lease, A refuses to vacate; B sues A for ejectment. The court renders judgment in favor of A, refusing to dispossess him under the terms of the act. The purchase of occupied property for one's own occupancy has ceased. This act was a war measure, which was extended for two years with certain modifications, during the reconstruction period.

Building
Suppressed
By War
Restrictions

As would be most natural, the activities of the war are generally blamed for the present stress, but even if this actually were the fact, it may be fairly charged to the unwise interference of the general government. Housing, already known to be far below the need at the outbreak of the war, was soon totally disregarded. No structures exceeding the value of \$1500 were permitted. Every energy of manufacturing and trade was turned from regular channels and not a brick nor a bit of manufactured material was at the command of those who needed to build. The diversion of capital from the building trades, long a menace, became a positive fact. Organized building in England, weakened by long years of competition with the government, was soon disorganized.

A most powerful hindrance at the beginning of the work of physical reconstruction has been the existence of a multitude of rules, regulations, customs and restrictions that made any departure from the regular procedure impossible. It was the absolute prohibition of the erection of wooden buildings that so long delayed the use of that material. The doctrine of "Ancient Lights" has prevented the erection of skyscrapers in London and other centers and has prevented London from being a grand city in an architectural sense, making it, in the words of a British architect, "a lot of villages humped together."

Hindrances
of Local Rules
and
Regulations

MEASURES OF RELIEF

It has been impossible to suggest the causes of the housing shortage in England without alluding to the effect of the legislation which, although designed to relieve the difficulties, has increased them. Mr. Peter Fyfe, Director of Housing for Glasgow, addressing the Glasgow City Business Club, in December, 1919, after reviewing the various housing acts from the early fifties of the last century, attributed the present serious lack of housing to the fact that Mr. Lloyd George's People's Budget of 1910 killed the building trades by the taxation it put on builders and landowners, which, with the red-tape methods of the government and the Board of Health, with their unnecessary circumlocution, was responsible for the present critical position. Glasgow was said to be in need of 57,000 houses, but it was difficult to see how more than 6,000 could be built per year for the next three years. The full implication of Mr. Fyfe's statement may be questioned.

Starting with a most unfortunate land taxation and tenantry system, English legislation has worked generally toward alleviating conditions through subsidies and compromises rather than through curing them, as it might have done, by a division of the property among the people, by the encouragement of cooperative building and loan associations; by proper zoning laws, through the banishment of industrial plants from congested areas; by taxing land rather than its improvements and, in London itself, by the establishment of a central authority rather than trying to work through the 117 self-governing authorities which make up the area within 15 miles of London city. Education for home ownership, coupled with education for suburban living, made possible by rapid transit facilities, should have been undertaken 30 years ago, and would have gone far toward increasing the size and strength of London.

Subsidies and
Compromises

If there were no other causes for the delay in getting building under way, a consideration of the elaborateness of the machine which

is planned to superintend the work would explain much. As has already been stated, this machine has cost the British taxpayers \$500,000 per year in salaries and expenses for the past three years and, according to Dr. Addison, has not produced a single house for occupancy. Right Hon. J. M. Robertson, speaking of the government's housing bill, said: "As to the disgraceful character of that fiasco there need not be the least hesitation in passing an opinion, because we have the virtual avowal of Dr. Addison, Minister of Health, that it is a national scandal."

It may be said of the housing machine, as has been said of the British labor unions, that it is a vast mosaic of horizontal, vertical and criss-cross lines amid which it is impossible to trace policies or plans.

The machine is functioning successively through the Minister of Health, who is the Director General of Housing, and who has on one side the Department of Town Planning and Reconstruction, further divided into bureaus of town planning and slum clearing. On the other side he has a Division of Production with eighteen bureaus, and sub-bureaus, which all have to be gone through before it is possible to reach the municipal machine which must first initiate the proposed action after receiving application from the individual. In the municipal machine are to be found large committees of leading citizens who study, confer, devise and make concrete proposals, which are then referred to the municipal sub-bureaus, bureaus, Division of Production and Director General of Housing, and then referred by him perhaps to the bureaus of town planning, reconstruction and slum clearing and finally passed to the Minister of Health.

A certain municipality, after eighteen months of labor with its own machinery, secured permission from the central authorities to purchase a number of ready-to-erect houses. This permission was coupled with changes in plans and arrangements. The central authorities had then to be advised that ready-to-erect houses had to be taken "as is" and that changes were impossible. After further delay, permission was granted as per original application, when it was discovered that the houses had been sold to Belgium and could not be replaced for double the sum which the municipality had been authorized to spend. This particular incident covered two years of effort and resulted in no houses.

Robbed of its complications, it was the plan to build dwellings at any cost, probably five or six thousand dollars each, and rent them for whatever they would bring, perhaps four or five dollars a week less than the carrying and interest charges.

Under the influence of Lord Shaftsbury in 1851 the Laboring Classes Lodging Act was passed, authorizing the Public Works Loan Board to lend money to local authorities and non-commercial building associations for the erection of rented dwellings for workingmen. This is said to have furnished the model on which subsequent housing acts have been based. It is to be noted that the act warns off the investing builder and aids local authorities and non-commercial building associations. Aside from forming a bad precedent, the act is said to have remained a dead letter for more than 40 years.

Early
Housing
Laws

In 1875 the Public Health Act was passed, regulating sewage disposal, the laying out of streets and sanitary matters in general. The outcome of this law is said to have been the making of a bad matter worse by creating what is known as the "New Slum"—endless rows of brick or stone dwellings with paving in front and small, dirty enclosures in the rear, surrounded by high brick walls.

It is toward the removal or reconstruction of these dwellings that much of the present housing discussion is directed, as was also some of the immediately subsequent legislation, such as the Cross and Torrens Act, passed about 1875, which act provided expressly for the eradication of the slums.

In 1885 Liverpool opened the first municipally owned tenement. This covered five city blocks and housed 269 families.

In 1895 the Housing of the Working Classes Act codified existing legislation and provided for the housing of those dispossessed through the cleaning up of the slums.

In 1899 was passed the single bill that made any pretense of helping toward ownership of the family home. Under the provisions of this act a person who found an existing dwelling that would suit his needs could procure from his local government as much as 75 per cent of the value of the wished-for property, provided, however, the appraised value did not exceed two thousand dollars, payment to be made on a long-term amortization plan. From a report dated March 1, 1916, it appears that \$1,641,000 had been loaned on this account. A London architect in large practice, recently visiting this country, could not recall a single instance of its utilization as being personally known to him.

Act to
Help Home
Owners

The reason that this Act of 1899 failed to function is set forth in the *Economic Review* by Sir S. G. Johnson, a Burgess of Nottingham, viz: "The Purchaser cannot let his building if the need arises and the task of finding another workingman properly situated to comply with

the requirements of the act, if the original owner has to sell, makes the act practically inoperative."

But the status of tenantry is so strong, the act could not be expected to appeal to the people. In the year 1902, the Archbishop of Canterbury, at a church congress, is reported to have declared the proper housing of the working classes to be "the great question of the day," and that only by the cooperation of the classes to be benefited could any advance be made, and that any effort which did not have this cooperation was sure to fail.

The failure financially of the attempts of the London County Council, incurring an enormous expense and resulting in no appreciable gain, is attributed to this lack of cooperation, but that cooperation has been possible is shown by the success in providing homes for the members of the cooperative associations by the operations of the societies themselves. At a congress of these societies in Cardiff in 1899 it was shown that the 224 societies had laid out \$25,735,000 and built 24,038 homes. Two-thirds of these homes had been built by the occupiers with aid from the societies, which had advanced as high as 80 per cent of the cost on long-term payment plans and had not lost a penny. Touching on this matter in the *Economic Review*, Henry W. Wolf regrets that in the face of such a showing the 1,700 cooperative societies known to exist and to possess enormous wealth at that time did not invest like proportions of their funds in similar construction. One difficulty was that the new structures were occupied by the better classes who alone could pay the economic rents, but even so, the vacated dwellings became available at lower rents. The London County Council found that it had to charge 30 per cent more for rents to meet costs than did the Artisans' Dwelling Company working alongside the municipally built houses.

The
"John Burns"
Act

In the year 1906 there was established the "National Housing Reform Council," under the urging of which was passed the Housing and Town Planning Act of 1909, called the "John Burns Act" in honor of the labor leader who was then president of the local government board. This enactment, however, did little more than recodify the laws relating to housing and make town planning one of the functions of local authorities. This is the law, with changes in detail to expedite progress or meet the exigencies of the moment, under which, up to December 16, 1919, it had been proposed to rebuild England. The basic provision was that municipal authorities might borrow money from the central government to erect dwellings under rules and regulations laid down by the central authorities, who would see to it that

every "T" is crossed and every "I" dotted before the loan is made. The Authorities of the West Midlands have claimed that there is an enormous sum lying in sinking funds which could be gotten for smaller interest if permission to loan were obtained. With this money available for building purposes municipalities object to paying 5½ per cent interest as under the government plan.

Directly after the armistice was signed arrangements were made to provide that among the first of the forces to be demobilized should be workers in the building trades and that priorities should be given to the shipping and manufacturing of building materials, and that efficient plants should be given priority over old and inefficient plants.

Post
Armistice
Aid

Then Organized Labor sought to assist by calling a joint parliament of employers and employees of the building trades. The parliament met, laid out an elaborate plan, resolved and adjourned, but results of increased production have not been noteworthy.

Soon after the armistice the government, in the way of direct encouragement to enterprising real estate operators, offered to pay the difference between 80 per cent of the present cost and the replacement value five years hence, provided the replacement value at that time was less than at present, but the report is that under this proposal of the government not a single pound has been asked for. The plan is surrounded by conditions of such complexity as to be beyond the reach of the smaller operator.

On December 16, 1919, a new bill passed third reading in the House of Commons fixing a bonus of 160 pounds to the builder for a cottage containing living room, parlor and three or four bedrooms; one of 140 pounds for the same type of house without the parlor; and one of 130 pounds for the same type of house with two bedrooms. The builder must send his plans to the local authority with application for subsidy. The local authority will enforce the instructions of the Ministry. The instructions of the Ministry supersede local building laws. When the house is built the surveyor will file his certificate that the necessary standards have been observed and that the work is satisfactory, upon which the Minister of Health will forward check for the bonus direct to the builder. The act revives war time restrictions on unnecessary building so that the energies of the building trades may not be diverted from house construction. The local authorities will have power to prevent the erection of luxury dwellings in their districts, but any person aggrieved may appeal to the Minister of Health. The act also provides that any person who, without permission of the local authorities demolishes or uses otherwise than as a dwelling house any house

Government
Changes
Policy from
Subsidizing
Consumer to
Subsidizing
Producer

which on December 2, 1919, was occupied as a dwelling and was reasonably fit for human occupation or was capable of being made so fit, shall be liable to a fine of 100 pounds or imprisonment for three months.

As yet there is no concurrence of opinion upon which united action might be based to bring about the desired result. Those interested in rebuilding England appear to be in a veritable Tower of Babel.

The English press withholds its approval of the act, but comments on the multiplication of penalties for breach of official regulations which tend to make house owning a serious liability.

The building trade does not believe the subsidy large enough to cover the assured loss, with no provision for future uncertainties.

The Royal Institute of British Architects, in conjunction with the Society of Architects, has protested formally against the proposal to forbid luxury building, declaring that the whole system of subsidies in connection with the building trades was wrong in principle and unnecessary in practice and advocated that the trades be left entirely free to work out their own salvation and that the government remove restrictions on building materials and labor and that it supply necessary transportation facilities.

The British Commonwealth Union declares that the needed houses will not be built until the land value duties are taken off, the rent restriction act repealed, the shortage of building materials guarded against, the lack of capital remedied and the output of bricklayers increased.

Community
and Business
Organizations
Would
Assume
Responsibility

A National Housing Campaign Committee now proposes that private initiative provide all the capital needed, but that two-thirds of the excess cost is to be regarded as a loan to the state, which will issue housing bonds bearing interest at 5 per cent and payable at the end of 20 years. It proposes an "active campaign," which, if it does not succeed as a housing scheme, should (although this conclusion seems far from obvious) imbue the workers with a strong sense of their responsibilities as citizens, should encourage them in the habit of self-reliance to counteract their growing tendency to self-assertion, should increase among them the proportion of property owners and stabilize more or less firmly a section of the community which is just now sadly in need of some sort of steadying influence.

The
Cost

There is as yet no agreement as to the end figure of money required nor as to how far the government will actually go in supplying it, nor as to how long the government will continue its aid. The number of 500,000 houses mentioned by Dr. Addison is probably a

minimum, as is the government's estimate of total cost as three and a half billion, Lord Buckmaster's estimate being upwards of four billion. But as a practical matter, if this is the unescapable result of the government's house planning, how is the money to be provided for by the government and how are future housing requirements to be provided for? Can the taxes, already heavy, be increased? If such houses are built and rented on these conditions, will it not demoralize the population, decreasing rather than increasing its desire to produce?

It may be true that under normal conditions of employment at full time the English worker cannot earn enough to pay an economic rent for minimum healthful accommodations, much less an economic rent for accommodations in the proposed municipally-built houses. If the worker can pay but a nominal rent, can the taxpayers meet the difference now and in perpetuity?

On January 17, 1920 Doctor Addison is quoted as declaring that: "Unless an economic rent can be charged, housing will be condemned to a bog of stagnation for a generation. If they are let at charity rents, nobody will build houses."

A Liverpool taxpayer, in writing to one of the local papers, is quoted as saying:

"I fear that most of the taxpayers have not realized what an expensive business this national housing is going to be. Brick houses are going to cost one pound a week over and above what they will produce in rent. Liverpool is going to provide, say, fourteen thousand to fifteen thousand houses, and the actual loss on them will amount to between ten thousand and fifteen thousand pounds a week." (Two to three million dollars a year.)

English papers continue to deprecate this rent pauperization, declaring that it has already gone far beyond reason, yet there is no one who doubts that there is 30 to 40 per cent of the energy of the English people not yet thrown into action. Its labor policy, beginning with philanthropic ideals to protect laborers from hardhearted employers and check "sweating", has finally brought it about that the delivery of time rather than the delivery of energy should be paid for. The time delivery system has so cut down production that the minimum wage is no longer a living wage. The only alternative for the housing or labor problem is a reversal of this policy so that human energy may form the basis of compensation rather than human time. Human energy cannot be called forth by suffering or necessity, but only by the hope of the acquisition of property with individual participation in the unearned increment.

It seems highly significant that, during the many years of England's attempts to solve the housing problem through paternalistic methods, the cooperative societies, representing the collective effort of individual initiative, have had more substantial results in actual houses built than has the government with all its well-intentioned schemes of subsidies and bonuses. After 70 years of legislation directed toward subsidizing tenants and regulating rents, England has reversed its policy in the Act of December 16, 1919, which is aimed toward the encouragement of private initiative.

Although the economic results of the housing conditions in England may be matter for debate there is no question of the consequences upon the health and morals of the people.

Increase
in
Diseases

Tuberculosis and all diseases that result from congestion are increasing. The relation between the birth rate and infant mortality, always a threat in England, is growing in evil portent. While the death rate of infants less than one month old is but 21 per cent, among the well-housed, it is already 46.3 per cent in the congested areas. The normal death rate in London, including all its boroughs, is 15 per thousand of population, varying from 9 per thousand in Finsbury to 22 in Shoreditch, each with approximately the same number of inhabitants.

Decrease in
Birth
Rate and
Marriages

The birth rate for the whole of England fell off nearly 20 per cent during the first year of the war, rose slightly above normal in 1916 because of war marriages and then sank rapidly to a point that marks danger.

But the chief evil of the congestion is that it promises to continue longer the labor inefficiency of the people.

CONDITIONS IN THE UNITED STATES

The beginning of the present housing shortage in the United States dates back to the year 1907, since which date less and less cubic feet of construction has been available per person. The low water mark was reached in November, 1918, when construction was but 4 per cent of normal. During the succeeding months construction gradually picked up and reached its maximum in October, 1919.

Authorities agree that during the gradual slowing down of construction from 1907 to 1919, the United States fell behind at least one year in its building output and that it will take several years, under favorable conditions, to make this shortage good.

U. S.
One Year
Behind
Building
Needs

It is estimated that the average yearly expenditure for building construction throughout the United States before the war amounted to at least four billion dollars, expressed in present day values.

It is estimated that the railroads are at least two billion dollars behind in construction; that rapid transit facilities, water power and canals require at least one billion dollars; and for highways a half billion dollars has already been appropriated.

The building of dwellings is dependent upon general construction.

It was estimated by the United States Labor Department at the close of the war that the United States was in need of a million homes.

One
Million
Homes
Needed

General construction for the year 1919 was probably slightly above normal, being about 25 per cent above the average for the past five years, and totaling two and a half billion dollars for the territory east of the Mississippi and north of the Ohio river compared with an average of two billion in present day prices, for the past five years. Two-thirds of this construction was undertaken during the last half of the year. From a survey of the work projected and on the boards it is probable that there will be slightly greater activity in the year 1920.

Residential construction for the year 1919 in the territory east of the Mississippi and north of the Ohio Rivers (roughly, a billion dollars) was 36 per cent of the total in that area and included from 100,000 to 125,000 of the higher grades of residential buildings of all kinds.

The revival of construction, however encouraging, does not seem yet to have relieved conditions or at the present rate to promise to do so, although, unlike the English situation, the conditions apparently are not growing worse.

The work of the Housing Corporation was small in volume and had no appreciable effect upon the housing situation in general except to point the way in an admirable manner. It was not until March, 1918, that Congress authorized the Shipping Board to spend money for housing purposes. It was not until July, 1918, that the newly authorized Housing Corporation was permitted to spend the funds appropriated. The Act provided for emergency war housing and recommended the employment of the Supervising Architect, and it remains for the future to determine whether or not the officials of the Housing Corporation exceeded their discretionary powers in erecting well designed, permanent construction rather than shacks, and in continuing the Bridgeport, Philadelphia and other projects after the armistice rather than cancelling them. There has been little criticism as to the quality or design of the permanent construction, except that it was too good. If all the houses had been of a temporary character, the cost would probably have averaged about \$2,000 per family and there would have been little salvage value. On the other hand, in view of the fact that the cost of buildings has increased some 30 per cent since the armistice, it would seem that the houses completed at Bridgeport could not now be replaced at a cost less than the saving which would have been effected by the cancellation of the contract and, it appears, that the country is thus left with value received plus houses at a time of shortage.

The Senate Committee which reviewed the work of the Housing Corporation estimated that by cancelling the Bridgeport contracts, the Government might have gotten out of the operation by the payment of \$270,000. This is approximately 21 per cent of the total cost. The Committee estimated that by cancelling the Philadelphia contracts the Government might have gotten out of the operation by the payment of \$425,000, or 15 per cent of the entire cost.

The maximum program of the Housing Corporation was estimated at \$145,173,605. This program was for 21,005 families at a total of \$119,177,748.90, with accommodations for 11,132 single women and accommodations for 12,865 single men.

The actual construction work of the Housing Corporation was but a part of its activity. By improving transit facilities it provided accommodations for 8,000 workers, and by its room registration system it found shelter for some 50,000 workers.

The original appropriation was \$100,000,000. It is estimated that between \$52,000,000 and \$63,000,000 were called for by the contracts placed, and that \$50,000,000 was the sum actually expended

for the program of April 18, 1918. It employed about 20,000 artisans, and its staff numbered in the neighborhood of 900.

Including the cost of adjustments for the cancellation of contracts, numbering between thirty and forty, the Housing Corporation has already returned \$32,500,000. It expects to return \$40,-495,000 more, making a total return of \$72,995,000, which will leave a net cost to the government of about \$27,000,000 for its housing operations, including improved transit facilities, room registrations, construction, and cancellation of contracts.

The Crane tract at Bridgeport, which cost \$1,371,839.90, was one per cent completed on November 6, 1918, the approximate time of the signing of the armistice. The Philadelphia housing project, which cost \$3,406,000, was six per cent completed at the time of the signing of the armistice. The Niagara Falls project was approximately 22 per cent completed on January 14, 1919, as estimated by the cost engineer. The New London, Conn., project was approximately 35 per cent completed; the New Brunswick, N. J., project was approximately 42 per cent completed; the Aberdeen, Md., project was approximately 58 per cent completed.

The average cost per single residence at Bridgeport, Conn., was \$7,263; the average cost of all houses was \$5,673.78. Houses in Vallejo, Cal., averaged a cost of \$4,829. Ready-cut houses at Pompton Lakes, N. J., cost \$2,261 each. Ready-cut houses at Tullytown, Pa., cost \$1,919 each. The Ordnance Department is said to have erected satisfactory houses at Nashville, Tenn., for \$1,980 per family, and at Penniman, Va., for \$1,352.92 per family, according to the type of house employed. Washington housing averaged a cost of \$1,542.50 per woman and \$685.95 per man.

Competition with other departments of the Government for labor, materials and the haste of organization incident to confusion of war and the gradual increase of prices, added to the cost of the work of the Housing Corporation. The work, however, was in the hands of good architectural, engineering and town-planning talent and in charge of competent men, some of whom, in their private businesses, have done more construction work annually than the entire expenditures of the Housing Corporation amounted to.

The construction of the Housing Corporation will undoubtedly be helpful in the districts where its buildings have been erected, but the housing shortage persists to the extent that hotel, club and apartment accommodations are difficult to obtain and dwelling accommodations are unprecedentedly scarce and high-priced throughout the

Effects
of
Housing
Shortage

United States in small cities as well as in large centers. Business men have the occasional experience of accepting accommodations in a Turkish bath or a cot in a billiard room after attempting to get accommodations in a score or more of the hotels in New York City. A bungalow with three rooms and a kitchen in Atlanta, Ga., brings \$50 a month and a basement apartment in Brooklyn brings \$75 a month, while in Napa, Cal., accommodations became so scarce during the year that the merchants subscribed \$100,000 and built many \$4,000 bungalows. Summer cottages not intended for around-the-year occupancy and beyond convenient commuting distance of great centers, are being used throughout the winter.

Small rent riots in New York City are a matter of current newspaper report. The number of tenant and landlord cases in the city during the year 1919 amounted to 107,054, and judges were obliged to shorten their holidays in order to hear cases. There are now said to be some 30,000 of these cases on the docket in New York City. Respectable families, when evicted have been lodged on cots in the armories of New York City.

Some Builders
Unable to
Complete
Projects

Because of rapidly increasing costs and labor troubles large housing projects have been abandoned and speculative builders have gone into bankruptcy, being unable to complete their projects although tenants were waiting to occupy them at rentals asked. The development of rapid transit facilities throughout the country ceased some time since. The service is crowded and delayed and the slums are in the remaking.

CAUSES

The immediate cause of the housing shortage throughout the United States is the restriction placed upon the building industry by the government during the war; the gradual slowing down of the building industry before the war was due to increasing cost of construction. The making good of the housing shortage is delayed by the cost of building materials, scarcity of labor, the unavailability of capital and the gradual trend of the people toward tenantry.

War restrictions by the government were exercised through freight embargoes, increased freight rates, limited use of fuel and allocation of men, material and capital. In October, 1917, Judge Lovett's Priority Order No. 2 denied the use of open freight cars to building materials. Subsequent orders placed embargoes on building materials. The Railroad Administration increased freight rates on building materials about 50 per cent over pre-war levels, while the average increase on other commodities was about 25 per cent above pre-war levels.

The Fuel Administration placed drastic restrictions on the use of fuel by the building industry and the War Industries Board would not permit the use of building materials for schools, residences, apartments, hotels, etc.

The Capital Issues Committee of the Federal Reserve Board restrained banks from lending money for any but war construction, sometimes getting directly in touch with owners and urging them to abandon projects. The War Department and Labor Department, through the Draft Act, allocated the man power of the nation as far as possible to war activities.

Banks
Restrained
from
Loaning on
Buildings

The building industry was stopped entirely by the government in October, 1918, but two days after the signing of the Armistice all restrictions, save those having to do with finance, were removed.

Building materials, which had been gradually increasing in cost since 1907, increased less rapidly during the war than other commodities and even with the increased burden of freight, fuel and labor costs, stood at but 84 per cent above pre-war levels at the time of the armistice, while general commodities were 107 per cent above pre-war levels. Building materials, however, have since advanced to 136 per cent above pre-war levels, while general commodities have advanced but to 129 per cent above pre-war levels. In considering price of building materials it must be borne in mind that the raw material itself is a small item and that the price of building material is largely fixed by the cost of freight, fuel and labor necessary to produce the material.

Increased
Cost of
Material

The efficiency of labor was impaired while it was employed on government construction during the war. Labor troubles broke out in the building industry in October, 1918, through a strike of carpenters on government work in Brooklyn in violation of the Baker-Gompers agreement. This strike, which threatened a sympathetic nation-wide strike of the building trades, was settled in March, 1919, on a compromise of \$6.25 a day. The daily wage of carpenters has since been raised to \$8.

Labor
Troubles

During the spring and summer labor troubles sprang up throughout the country, notably in Chicago, where the whole building trades were tied up from July to September. At present there is a shortage of labor in the building industry.

Capital, which found higher returns in the production and distribution of consumable commodities, was further diverted from the building industry by the Federal Reserve banking system which placed emphasis on short term commercial loans and drew to this kind of banking many institutions which had formerly served the real estate

Capital
Drifting
Away from
Building

and building fields. National banks loaned their savings deposits at short term rates for commercial purposes and the income tax has made the real estate mortgage an unpopular investment.

The attempt of the Department of Commerce to fix or stabilize prices in March, 1919, had its influence in deterring prompt resumption of construction at the then prevailing prices, only to be undertaken during the latter part of the year at a 30 per cent increase in cost.

During the past year there has been a great economic incentive for the production of consumable commodities but little for the production of buildings with the incident risks.

The indisposition of the public to pay an advance for construction in proportion to the general increase in prices, particularly to paying the increase in rent in proportion to the decreased purchasing power of the dollar, had its deterring influence upon builders of dwellings.

Public
Disinclined to
Share Burden
Through the
Payment of
Increased
Rentals

The public mind seems to hold that the owner of real estate alone should sell his commodity without regard to cost or replacement value. It must be borne in mind that high prices stimulate production and that regulated prices check production of all kinds, including dwellings, and that if rents are kept down by interference with the law of supply and demand, the supply of buildings will be kept down. Adequate building at high prices will occur only when rents are correspondingly high, and after adequate building has been constructed and cramped conditions relieved, rents will ultimately fall, first in the less modern structures.

Restricted
Transit
Development

The retarded development of the rapid transit facilities throughout the country has made dwelling construction less attractive in the outlying districts, and the failure of the municipalities to enact zoning laws has made home-owning speculative, while the short-term mortgage loan with the second mortgage and the expense of commissions, bonuses and title-searching for each of the frequent renewals has been a retarding influence against home-owning.

Increase of
Tenantry

While France is said to have but 20 per cent of tenantry, the census of 1890 showed that 52 per cent of the people of the United States were tenants; in 1900 the percentage reached 55; in 1910 it reached 58; and it is probable that the 1920 census will reveal nearly 60 per cent of the people of the United States living as tenants.

If this percentage continues to increase, industrial unrest is bound to occur and single tax legislation is likely to be offered as a solution.

The threat of a tenant class does not lie altogether in congested centers. Farming regions in the Middle West and South are the regions where great evils may be feared, because under American

methods of farming, tenantry reduces the fertility of the soil. The condition is so serious in some of the Middle Western States that commissions have been especially appointed to change, if possible, this tendency.

The situation may be briefly stated in the words of the noted landscape architect, Frederick Law Olmstead, who said:

“The characteristically American impulse toward the making of a permanent home for the family in a place of its very own, while still very strong and very general, appears to be losing rather than gaining among the people of small means.”

This disposition toward tenantry has been increased by the influx of foreigners who have been accustomed to live under conditions of tenantry.

MEASURES OF RELIEF

For nearly eighty years the United States has followed a program that has never deviated from the idea that beneficiaries of legislation should be enabled to acquire property through their own labor. These laws have covered rural homes and culminated in the Farm Loan Bank Bill. It is now proposed to extend this principle to the acquirement of urban homes and the Calder, Nolen and Hill Bills pending in Congress, have this end in view.

The widest possible division of land and real estate brings about its greatest possible development and conservation, increases its tax-paying power to the State and its earning power to the population and furnishes a most effective incentive for bringing out the full latent energy of the population.

Division of
Land
Object of
Legislation

The first Redemption Law was enacted in 1841 and contained all the elements that made the later Homestead Law so notable. Subsequent enactments were as follows: Act of 1843 amending the Act of 1841 to prevent fraud; Act of 1853 extending preemption to reserved sections of railroad grants and allowing payments to be made in soldiers' land-grant warrants; Act of 1854, granting all rights of preemption to bona fide settlers of railroad lands.

Law of
1841

The act of 1862, known as the Homestead Law, allowed every citizen over 21, who was the head of a family, to take up either 80 or 160 acres of surveyed public lands upon the payment of \$1.25 per acre, except in certain Southern States, where 40 to 80 were the limits. The conditions of the law required actual residence and certain work to be done for a prescribed period. Title passed at the end of five years, but the land could not be sold for debt contracted prior to the

Homestead
Law of
1862

entry of claim nor could the settler sell until he had gained title. The Act of 1864 allowed soldiers to file proofs of claim if in service; the Act of 1866 put the exempted land in Southern states under the provisions of the Homestead Law; the Act of 1874, known as The Timber Culture Law, by which the homesteader obtained title at the end of three years, if for two years he had one acre planted with trees, for each sixteen acres of his holding. Other legislation is the Act of 1877, known as the Desert Land Act, relating especially to irrigable lands, the Act of 1878, relating to stone and timber lands, and the Kincaid Act of 1904, also relating to irrigable lands.

Farm Loan
Bank Act

The Farm Loan Act of July 17, 1916, made it possible for farmers to borrow money from a specially organized Federal banking institution for the purchase and development of farming lands, the necessary money to be obtained by the banks from the sale of tax-exempted bonds.

Proposed
Federal
Legislation

The Calder, Nolen and Hill Bills provide for the lending of money to people who desire to build their own homes, the money to be supplied through a Federal banking institution especially created for that purpose, the money to be procured by the banks through the public sale of bonds secured by real estate mortgages of the individual borrowers and guaranteed by the building and loan associations or other banking institutions with which the borrowers were doing business. The object of these Bills is to provide a maximum loan compatible with security at a minimum interest rate for a long-term period, thus freeing the intending home owner from the expense of frequent renewals, commissions and bonuses.

A Bill has been drafted to give the Federal Reserve Board power to direct the lending of the savings deposits of national banks into long-term rather than short-term channels. This would make some two billion dollars available for home-building.

The McLaughlin Bill now before Congress proposes to exempt the returns from small holdings of real estate mortgages from the Income Tax.

The Tinkham Bill, also before Congress, provides for a clearing-house of information on proper housing and construction methods and is designed to generally foster the building industry.

During the months of January, February and March, 1919, the activity of the building industry was promoted through an educational campaign by the U. S. Department of Labor, and during the months of April, May and June, the construction of public works was encouraged by the U. S. War Department.

Besides the action taken by the Federal government several of the states have in time past made efforts to aid people in securing homes. The State Land Bank Act of New York is an example of judicious legislation. This measure provided a means whereby the assets of the building and loan associations of the State were made available for new loans to be expended on dwellings. Although this bank had functioned but three years, at the outbreak of the war it had issued bonds to the extent of \$700,000, which had been taken up by savings banks as a gilt-edge investment for their funds. The imposition of a Federal tax on the income of these bonds killed their use and prevented the sale of similar issues. Thus the war activities of the Federal government cut off this source of aid to the home builder.

Legislation
of
States

In the matter of municipal housing New York City has always been in the van. Although the word "tenement" does not appear in the records until 1862, it is evident that the problems which the tenements represent run back for at least a century, as in 1827 the physicians of New York City complained of the crowding and unsanitary conditions existing in certain parts of the city. In 1834 Dr. John H. Griscom issued a report on the housing conditions. In 1846 there was an attempt to inspire private enterprise to improve conditions through competitions in plans for model houses. Conditions, however, grew worse just prior to the Civil War, and at its close New York City experienced a building shortage as recorded in the *Record and Guide* of March 21, 1867. In parts of the city the rent of stores and offices rose 100 to 150 per cent, while "as for dwellings, not more than one-fiftieth of the applicants can be supplied."

Housing
in
New York
City

In 1885 an efficient tenement housing law was enacted, which, with later legislation, has made New York City the most healthful of great cities. During the past year special committees appointed by the State Legislature, the Governor of New York State and the Mayor of New York City, have been considering the housing shortage, but the action of none of them has so far increased the supply of housing. The Jesse Bill now before the New York Assembly, proposes to exempt from increased assessment until 1926, all property improved for dwelling purposes.

The death rate among children is said to be the measure of the sanitary condition of the community. New York reduced the mortality from an average of 167 for the five years ending in 1905 to 94 in 1914 for each one thousand births.

Massachusetts has perhaps gone farther than any other commonwealth in its aid of housing schemes. To this State belongs the distinction of having appropriated the first money to be used in bettering the conditions of the workers. Money was made available in 1917, which was the culmination of an agitation begun in 1908, due to the increase in infant mortality. While there were 134 deaths of children under one year to every one thousand births throughout the State, in Boston the rate was 149, reaching, in crowded Lowell, the high figure of 202.

A majority of the commission, which sat during the years 1909 and 1910, reported against any action being taken, but legislation was instituted from a minority report, which finally resulted in the establishment of the Massachusetts Homestead Commission. The work of this commission, while small in magnitude, supplies the model on which housing work may be undertaken through State aid. The first act of the commission provided that by the right of eminent domain the State might take over property and sell it to private parties for home building. This act was held unconstitutional by the Massachusetts Supreme Court, but it was later made effective by an amendment to the Massachusetts constitution passed in 1914.

The amendment provides that the State may appropriate money for the purchase of homes with the reservation that the property purchased must not be sold for less than the price paid for it by the State. This is a marked departure from the English practice, it being recorded that the Metropolitan Board of Public Works of London purchased a plot of ground for \$9,732,000 and sold it to private parties for the erection of dwellings for workers for \$1,946,400 on the plea that the plot, while worth the price paid for it for other business purposes, was not worth more than the small sum if used for dwellings.

The first appropriation under the new Massachusetts law was the modest sum of \$50,000. There was no intention of undertaking a State-wide reconstruction plan, but merely to go a little beyond showing the way whereby the man of small earnings might buy his own home, the extent of the State's interference being to see that he got his money's worth and that the buildings were in proper surroundings through zoning, town planning and providing of transportation facilities.

Among the most important factors in the housing situation in the United States are the mutual building and loan associations, originally started in Pennsylvania some seventy years ago, and which now have 7,484 branches throughout the United States and 4,011,401

individual members. They hold assets to the extent of nearly two billion dollars and do a business of upwards of one billion four hundred million dollars annually. Through careful administration and the practice of the amortization plan, in which they were the pioneers, loss is practically unknown. The cost of their operations is about three-fourths of 1 per cent. The amount of their loaning capacity, however, is limited to their weekly receipts from the savings of their members. Passage of the Calder, Nolen or Hill Bills would permit them to borrow on their mortgages and make available large sums for home building which experience has shown should be administered locally without governmental intervention or expense.

The "Own Your Own Home" campaign, initiated before the war, by community effort, was revived by the U. S. Department of Labor during the spring of 1919 and has been active throughout the country during the year. It has been incorporated by the Y. M. C. A. into its National Thrift Week movement, one day, that of January 20, 1920, being given up to considerations of home owning.

Own
Your Own
Home
Campaign

The American Federation of Labor, at its convention at Atlantic City last fall, passed resolutions favoring home ownership.

CONCLUSION

Most of the construction development that has taken place in America is after all the work of the private builder—the man who is seeking gain. It is said to have been the activity of the speculative builder that has made Philadelphia the city of homes. It is the desire for gain that has brought about the exceptional housing conditions around many of the great industrial plants, some of which, such as the one at Akron, Ohio, are very wisely financed. It is this motive of gain that has created the Mills Hotels and similar dormitories where working men and women can live in comfort and cleanliness and within their means. This motive has led to the establishment of favorable housing conditions in England, such as Port Sunlight, Bourneville and Golder's Green, Hampsted.

It is evident that the housing shortage and high rents are due to the fact that there are not enough buildings being erected. Construction is not being undertaken, not because of the high price of land, but because of the high cost of buildings. The high cost of buildings is not due to the high cost of raw materials, but to the increased cost of fuel, transportation and labor. The increased cost of labor is due to the general high cost of living. The high cost of living is due to inflation of credit and scarcity of production. The scarcity of production is due to lack of energy of the workers and the

lack of energy of the workers is due to lack of proper economic and moral incentive. Rent subsidy, minimum wage and the unemployment pension do not furnish an incentive for the exertion of energy by the workers. High wages without increased production do not raise the standard of living. The incentive of wages alone is not sufficient to call forth latent energy. In Great Britain 30 to 40 per cent of this energy is latent, and probably as large a proportion is latent in the United States.

It is a fact that the ownership of property and the participation in its development and increase in value has called forth the energy of labor in the United States. In the "Forties" the Homestead Laws of the United States were in their formative stages. They gave away land; men worked on it and created communities; the communities created powerful states and the states have made the United States a powerful nation. Had the United States followed the example of England in rent subsidy and philanthropic legislation, it would probably be a subject nation today. Had England, when it began its series of governmental interferences in 1851, each of which has played its part in producing the present lamentable state of affairs, entered upon a policy of wider division of property, it would not have gone into the war with but fifteen per cent of its land under cultivation and emerged from the war with an industrial crisis. It is to no avail that a series of British acts were undertaken, all of which had a philanthropic motive and all of which were attempts upon the part of the government to better the living conditions of the "submerged tenth," whose wretchedness of environment as set forth by Gen. William Booth of the Salvation Army horrified the civilized world toward the end of the last century. The acts produced these consequences, notwithstanding the motives.

The British method killed private initiative, drove capital from the field of investment and made a bad social system worse. Landed interests, by dividing portions of their holdings, might today hold the remainder at higher values, while the citizenry of that country might today be in a condition of hope and energy through possession of property, in the increasing value of which the citizenry, as well as the state, would be sharers.

The present state of inefficiency of labor cannot be wholly attributed to the war and we cannot look for the pendulum to swing back and a balance to be struck between the old and the new. Philanthropic legislation may be the undoing of the Anglo-Saxon race. Legislation promoting wider ownership of property can alone call forth the energy necessary for the maximum of production.